

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 OPIC-03 EB-07 COME-00 L-02 CIAE-00

INR-07 NSAE-00 SP-02 NSC-05 PA-01 PRS-01 USIA-06

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R 291209Z APR 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 3513

C O N F I D E N T I A L BANGKOK 7651

E.O. 11652: GDS

TAGS: EMIN, EINV, TH

SUBJ: TEMCO

DEPARTMENT PASS OPIC

REF: BANGKOK 7184

1 DURING APRIL 28 COURTESY CALL BY ECON/CML COUNSELOR ON MINISTER OF INDUSTRY SURIN THEPKANCHANA, GENERAL SUBJECT KHUKRIT GOVERNMENT ATTITUDE TOWARD FOREIGN INVESTMENT AROSE. SURIN AND SENIOR MEMBERS HIS STAFF AFFIRMED RTG STRONGLY FAVORED FOREIGN INVESTMENT, PARTICULARLY IF EXPORT ORIENTED, AND THE BOARD OF INVESTMENT GROUND RULES CLEARLY LAID OUT THOSE AREAS WHERE THAILAND ACTIVELY SOUGHT A D ENCOURAGED FOREIGN INVESTMENT.

2. ECON/CML COUNSELOR EXPRESSED HOPE TEMCO CASE WOULD BE SETTLED IN MANNER SATISFACTORY TO ALL CONCERNED BECAUSE MANY AMERICAN COMPANIES WERE QUITE CONCERNED BY CANCELLATION OF THE EUTCH-AMERICAN CONCESSIONS AND WERE WONDERING IF THE INVESTMENT CLIMATE WOULD IN FACT BE HOSPITABLE IN THE FUTURE.

3. MINISTER AND STAFF EMPHASIZED TEMCO SPECIAL CASE. THEY EXPRESSED UNHAPPINESS PREVIOUS GOVERNMENT HAD SADDLED THEM WITH THIS PROBLEM. TEMCO HAD PRESENTED NEW PROPOSALS WHICH WERE BEING STUDIED BY GOVERNMENT (REFTEL). HOPE-  
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FULLY SATISFACTORY SOLUTION COULD BE WORKED OUT BUT NAME

TEMCO MUST NEVER BE USED AGAIN BECAUSE IT HAD BECOME EMOTIONAL POLITICAL SYMBOL.

4. MINISTER CONTENDED THERE WERE ILLEGALITIES IN GRANTING ORILINAL CONCESSION AND TEMCO HAD NOT COMPLIED WITH CONCESSION TERMS. ECON/CML COUNSELOR REPLIED COMPANY IS BAFFLED BY THESE ALLEGATIONS AND ASSURED EMBASSY THEY HAD ALWAYS CONDUCTED THEIR AFFAIRS IN STRICT COMPLIANCE WITH

THE LAW AND MINING REGULATIONS. COMPANY WOULD WELCOME AND WE UNDERSTAND HAD ASKED FOR BILL OF PARTICULARS BUT WERE UNABLE TO GET ANY CLARIFICATION WHY CONCESSIONS WERE CANCELLED. US HOPED AMICABLE SOLUTION TO PROBLEM CAN BE FOUND. UNION CARBIDE HAD OPIC INSURANCE AND UNLESS A NEW ARRANGEMENT OR ADEQUATE COMPENSATION IS FORTHCOMING USG WOULD REGRETTAZLY BECOME INVOLVED. MINISTER AND STAFF REPLIED THEY WERE AWARE INSURANCE PROBLEM AND BELIEVEE BEST SOLUTION WAS NEW ARRANGEMENT WHICH WOULD PERMIT RENEWED MINING AND TERMINATION ANY LEGAL ACTIONS OR CLAIMS BY TEMCO.

5. LIFTING DISCUSSION OUT OF CONTEXT, "BANGKOK POST" OF APRIL 29 CARRIED MISLEADING ARTICLE SAYING ECON/CML COUNSELOR HAD CALLED ON UNDER SECRETARY OF INDUSTRY MINISTRY TO "DISCUSS COMPENSATION FOR UNION CARBIDE." REMAINDER OF ARTICLE ACCURATE INDICATING TEMCO IS STILL HOPEFUL FAVORABLE ARRANGEMENT CAN BE WORKED OUT AND ALL COMPANY EMPLOYEES STILL ON PAYROLL DESPITE TERMINATION MINING OPERATIONS IN JANUARY.  
MASTERS

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